

Minutes of the Executive Committee Meeting

September 18, 1992

A duly called meeting of the Executive Committee of the Brigham Surgical Group Foundation, Inc. was held on Friday, September 18, 1992 at 4:30 P.M. in the Operations Conference Room of the Brigham and Women's Hospital in Boston, Massachusetts. In attendance were Directors John A. Mannick, M.D., Chairman; James M. Becker, M.D.; David C. Brooks, M.D.; Douglas W. Wilmore, M.D.; Philip E. Stieg, Ph.D., M.D.; David J. Sugarbaker, M.D.; and Jerome P. Richie, M.D. Also in attendance were Assistant Secretary Douglas F. MacGregor; Assistant Administrator Daria J. Christensen; Associate Administrator Myranne F. Janoff and Chief Financial Officer Ken Holmes. Unable to attend were Secretary Lawrence H. Cohn, M.D.; Treasurer Marshall Strome, M.D. and Robert T. Osteen, M.D.

The minutes of the last Executive Committee Meeting held on June 1, 1992 were approved as previously distributed.

Mr. MacGregor discussed a change in the Compensation Policy. The policy currently states that members who terminate service for any reason other than death prior to completing four years of service will receive severance pay equal to 12.5% of their total compensation from the Group minus any OR-TEACHING DEFICITS incurred by the Member as computed under this compensation policy. The four year period will be measured from July 1st of the Member's first 12 months of employment. Severance pay shall be paid to a terminating member within two years of the termination date.

The proposed changes would read, severance pay equal to 12.5% of their OR-TEACHING SALARY not total compensation, and that severance pay will normally be paid within 24 months of their termination but may be delayed for up to 60 months at the employer's discretion. The Executive Committee recommended compensation changes for the Compensation Committee's consideration as follows:

VOTED: To approve the Compensation Policy change under #12 to read as follows: Members who terminate service for any reason other than death or permanent and total disability prior to completing four years of service will receive severance pay equal to 12.5% of their OR-TEACHING SALARY from the Group minus any OR-TEACHING DEFICITS incurred by the Member as computed under this compensation policy. Permanent and total disability means a physical or mental condition that has lasted at least three months and can be expected to last for at least 12 months or result in death. The disability must be serious enough, based on appropriate medical advice and examination, to prevent engaging in any substantial or gainful economic activity. Receipt of a Social

Security disability pension will constitute proof of permanent and total disability. The four year service period and related compensation will be measured from July 1st of the Member's first twelve months of employment. Severance pay will normally be paid to a terminating Member within 24 months of their termination date but may be delayed for up to 60 months at the employer's discretion.

Dr. Mannick discussed Proposition 3.0 - An Initiative to Control Research Expenses. Under this proposal, a rigid cap of 3% of Net Receipts would be established in June of each year based on budgeted Net receipts for the coming fiscal year. Only those research requests received by the Research Committee prior to June 1st would be considered for the coming fiscal year. The transition to this rigid cap system would be phased in over the next two years by reducing our FY93 research budget by one third of the difference between our FY92 actual research expenditures and the 3% cap for FY95. This proposal was previously approved by the Research Committee and then voted by the Executive Committee as follows:

VOTED: To approve Proposition 3.0 - An Initiative to Control Research Expenses. A rigid cap of 3% of Net Receipts will be established in June each year based on budgeted Net Receipts for the coming fiscal year. Only those research requests received by the Research Committee prior to June 1st will be considered for the coming year. If actual Net Receipts turn out to be less than budget, 3% of the variance would be deducted from the next fiscal year's research budget. There would be no upward adjustment if actual Net Receipts exceed budget.

Dr. Mannick reviewed the FY92 Financial Results which showed a (\$520,428) deficit and the FY93 Financial Budget which projects a (\$525,200) deficit.

A list of Options to Improve Surplus Generation was compiled and discussed. Financial support from the BWH will be pursued. The areas where more support can be gained are rent, CRICO, administrative/secretarial salary support, and new member recruitment including relocation, salary and research support.

Suggestions revolving around the Unfunded Deferred Compensation Plan need to be discussed in detail with the Group's lawyer, Thomas J. McCord, Esq. from Hale and Dorr. Some of the considerations are to provide UDC on a sliding scale according to Harvard rank which encourages academic promotion; eliminate or limit earnings on contributions, i.e.: \$0 or 3% max.; and encourage UDC research support use.

A discussion took place regarding a 1-3 year "trial" period for new members with a fixed salary. Some distinction between the hiring of a lower vs. higher rank member needs further discussion.

Restructuring of participation in the Faculty Educational Benefit Plan by Harvard rank was reviewed. This change would be viewed as an academic incentive for promotion if tuition was paid as follows:

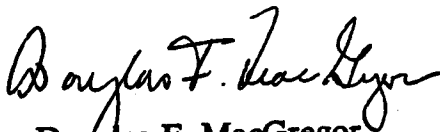
Instructor	0%
Assist. Professor	50%
Assoc. Professor	100%
Professor	100%

Mr. MacGregor discussed the feasibility of selling the BSG billing services to other BWH entities and outside parties for profit. The Business Office has the computer hardware, software and support in place and will prepare a business plan for further review.

Healthcare International (HCI) was discussed as a very viable and potentially lucrative option for improving surplus generation. The status on any negotiations will continue to be reviewed and discussed at this level.

All options were presented for discussion only. There being no further business of the Executive Committee, the meeting was adjourned at 6:15 p.m. The next meeting of the Executive Committee is scheduled for Friday, October 30, 1992.

Respectfully submitted,


Douglas F. MacGregor
Assistant Secretary